

RALLY IN COTTON AFTER EARLY BREAK

Tone of Market Unsettled as a Result of Complicated Situation.

216 STOCKS IN SOUTH

The complexities of the cotton situation were fairly well illustrated yesterday by the irregular tone of the market, although it must be admitted that price changes were governed largely by the unsettled condition of the market, and the possibility of complications resulting from the sinking of the Arabic. The confidence in the security market probably had as much influence as anything else in causing the rally in cotton, which left closing prices at a sharp break in the first hour.

Very little importance was attached to the contraband declaration of Great Britain and France, as it was felt that the drastic effect of these announcements had been somewhat offset by the suggestion of compensating measures. As a matter of fact the solid element of the cotton trade attaches more importance to the demoralization in foreign exchange, the high freight and insurance rates and the restrictions which will be placed on the exportations of yarns and cloth from Manchester in order to keep such exportations from coming indirectly into German hands.

The accumulation of cotton in the interior towns of the South is well illustrated by figures on the holdings of three Alabama towns, all within an area of forty miles. These towns are entering the new season with holdings of 3,000, 4,000 and 1,500 respectively, although usually at this time they are practically bare of cotton, except that coming from the new crop. Southern shippers report practically no demand for prompt shipment and Carolina mills are said to be bidding for cotton in December in New York for shipments of combined strict middling and good middling. If spinners keep their ideas as to the price of cotton as low as they are, it is unlikely that a great deal of cotton will find its way to New York for delivery on contracts, as New York prices are really higher than the bids from Southern shippers.

The weather in the South over Sunday was unsettled, with scattered showers over a wide area. One Texas cotton man sent a wire to some friends here stating that storm damage had been rather extensive in Texas, and that the State would raise less than 3,000,000 bales. The message was largely responsible for the late afternoon rally.

Futures closed steady.

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August	9.00	8.86	8.85	8.95	8.97
October	9.17	9.23	9.10	9.22	9.23
December	9.44	9.50	9.29	9.53	9.47
January	9.53	9.62	9.50	9.61	9.62
March	9.77	9.86	9.75	9.86	9.83
May	10.02	10.03	9.97	10.05	10.10

Spot cotton at New York was quiet unchanged. Middling, 9.20c. Southern spot markets were unchanged, with New Orleans 8.87c., Galveston 9c., Savannah 8 5/8c., Houston 8.90c., Augusta 8.32c. and Memphis 9c.